

# MBS & TREASURY MARKETS

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## UPDATE: PCE Inflation Slightly Higher, But No Major Reaction

- Core PCE M/M
  - 0.179 vs 0.1 f'cast
- Core PCE Y/Y
  - 2.7 vs 2.6 f'cast, 2.6 prev
- Inflation adjusted spending
  - -0.1 vs 0.1 f'cast, 0.2 prev

Despite the slightly higher than expected result, bonds have rallied a bit after the data, including Fed Funds Futures. MBS were down almost an eighth and are now down only 2 ticks (.06). 10yr yields were up 4bps and are now up only 2bps at 4.255.



### Dan Frio

Sr Mortgage Loan Officer,  
The Frio Team Powered by  
Peoples Bank & Trust

[www.TheRateUpdate.com](http://www.TheRateUpdate.com)

**P:** (844) 775-5626

**M:** (630) 768-1317

524 Main St  
Hazard ky 41701  
246527

